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October 22, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

RE: Written Ex Parte Submission
In the Matter of Deployment of Wireline Services
Offering Advanced Telecommunications Capability
CC Docket No. 98-147

Dear Ms. Salas:

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

Ruth Milkman

Ruth Milkman

cc: Carol Mattey
Staci Pies
David Hunt
Vincent Paladini

ORIGINAL

Michael E. Olsen
Deputy General Counsel, Gov't & Industry Affairs
NorthPoint Communications, Inc.
303 Second Street, 10th Floor
San Francisco, CA 94107
Direct: 415/365-6013
molsen@northpoint.net

EX PARTE OR LATE FILED

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 22, 1999

Ms. Jane E. Jackson
Common Carrier Bureau, Competitive Pricing Division
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C.

Re: Written *Ex Parte* Communication:
In the Mattter of Deployment of Wireline Services Offering Advanced Telecommunications Capability
CC Docket No. 98-147

Dear Ms. Jackson:

This written *ex parte* responds to certain claims made by US West in an October 7, 1999 *ex parte* presentation to Commission staff with regard to the cost of installing stand-alone splitter functionality to facilitate 2-carrier line sharing. Specifically, US West claims that providing 2-carrier line sharing with a stand-alone splitter will require the incumbent local exchange carrier (LEC) to incur additional costs that are not incurred in its own provision of shared-line DSL, and that permitting DSL competitive LECs to access shared lines should properly result in higher non-recurring charges to competitive LECs than US West itself incurs in delivering shared-line DSL to its own retail customers.

US West's contentions with regard to "Line Sharing Equipment Costs" are erroneous in several respects.

First, none of the "costs" attributable to 2-carrier line sharing is unique; the incumbent LECs' own implementation of line sharing requires that voice and data be split, and this function is performed by a T1.413 Annex E compliant splitter – just like the splitter required for 2-carrier line sharing. Thus, any claim that "splitting" voice and data for DSL competitive LECs will result in *higher* costs to the incumbent LEC than those incurred in its own DSL service (and reflected in the cost support for the FCC tariff

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relating to that service) is false. Rack space, splitters, installation labor, cross-connects and termination are all required to provision shared line ADSL, regardless whether it is done on behalf of the incumbent LEC or the competitive LEC.

Rates for line sharing must be cost-based. Incumbent LECs should not be allowed to inflate line-sharing rates by including splitter charges that greatly exceed the market price of a splitter. The Commission should establish principles for setting maximum interim rates for non-recurring, as well as recurring, charges that would apply to the incumbent LECs' implementation of line sharing on an interim basis. As with recurring charges, these rates would be subject to a true-up at the conclusion of the section 252 process. To the extent that incumbent LECs have broken out the cost of the splitter in the cost support filed in connection with their retail DSL tariffs, that cost could serve as a reasonable benchmark for the splitter charge included in the line sharing rate.[1]

Second, Annex E-compliant splitters are not a bottleneck facility. They are, as NorthPoint has indicated in previous filings, commercially available in volume from a variety of vendors. Accordingly, it would be unsound policy to permit the incumbent LEC to exercise exclusive control over the availability or pricing of the splitter and to, effectively, create a new network bottleneck. Rather, as proposed by NorthPoint and HarvardNet in our October 8, 1999 *ex parte* in this proceeding, incumbent LECs should be required to make available this functionality to facilitate line sharing, but competitive LECs should be permitted to purchase and provision their own Annex E-compliant splitters as a check on incumbent LEC pricing or provisioning abuses. (*Id.* at p. 5.)

US West's statement that splitters cost $47 is an example of why it is critical that competitive LECs be permitted to purchase their own equipment. This cost, wholly unsupported in US West's filing, does not reflect market prices. NorthPoint is advised that standards-compliant splitters are available at rates not greater than $26.60 per line or *less* when purchased in volume. (See attached letter from Wilcom, October 21, 1999, regarding Central Office splitters.) Accordingly, allowing competitive LECs to purchase their own splitters will act as a check on incumbent LEC charges for splitters.[2]

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[1] See 47 C.F.R. § 61.49(f)(2).

[2] It is worth noting that no incumbent LEC has contended that non-recurring charges for provisioning shared lines should be higher than or as high as the non-recurring charges associated with provisioning stand-alone loops. One of the virtues of deploying DSL on shared lines is that these lines, already utilized for voice service, are necessarily "up." There are no opens, shorts, or cuts; there can be no errant electronics or fissures. Except where DSL conditioning is required to facilitate the delivery of digital service (such as the removal of a load coil or bridged tap), rarely will the provision of unbundled shared loops require any work by a field technician. Hence, shared loops can and should be provisioned on much shorter intervals than stand-alone loops and at substantially lower charges to competitive LECs.

Should you have any questions about this or any other matter please do not hesitate to call.

Very truly yours,

Michael E. Olsen
Deputy General Counsel, Industry & Gov't Affairs
NorthPoint Communications

cc: Carol Mattey
Staci Pies
David Hunt
Vincent Paladini

Enclosure

Wilcom

P.O. BOX 508, LACONIA, NEW HAMPSHIRE 03247

October 21, 1999

Mark Peden
Northpoint Communications Inc.
303 Second Street, 10th Floor
San Francisco, CA 94107-1366

Mark,

Thank you for your request for information regarding CO based POTS splitters. As you know, Wilcom already provides the PS 400 for CO applications. With the market potential for CO splitters increasing, Wilcom is working on the development of new products to reduce the per line cost and increase splitter density per board thereby optimizing available real estate in the CO. As an example, for planning purposes the cost per line in the future should be $26.60 per line in annual quantities of 5000 lines. Prices will drop further as quantities increase.

Mark, please let me know how I can help you further.

Best regards,

Mike Hurley

Mike Hurley
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